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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

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Topic: METRO Funds: Opt-In Deadline.
Sponsor: Senator Basham
Co-Sponsors: Senators Clark-Coleman and Jacobs
Committees: Senate Energy Policy and Public Utilities
House Energy and Technology

Date Introduced: January 30, 2007

Date Enrolled: May 1, 2008

Date of Analysis: May 2, 2008

Position: The department supports the bill.

Problem/Background: To become eligible (opt-in) to receive METRO Act funds, a municipality must have modified by resolution or ordinance any local fees charged telecommunication providers after November 1, 2002 relating to access and usage of the municipality's public rights-of-way to an amount not exceeding the amounts of fees and charges required under the Act. Initially, there were 74 of the state's 1,778 municipalities that did not "opt-in" and did not receive METRO Act funding. In 2004, the METRO Authority was able to administratively provide these 74 ineligible municipalities a last opportunity to become eligible; and 35 chose to "opt-in" by the May 15, 2004 deadline, leaving only 39 ineligible municipalities. In 2006, legislation was introduced to amend the METRO Act to allow any of the remaining 39 ineligible municipalities to opt-in by December 31, 2007 of which 19 municipalities submitted appropriate opt-in resolutions/ordinances.

SB108 enables these 19 municipalities to become eligible to annually receive METRO Act funding.

Municipalities Currently Eligible to Receive METRO Act Funds			
	Total No. Municipalities	Eligible	Ineligible
Cities	271	267	4
Villages	264	233	31
Townships	1,243	1,239	4
Totals	1,778	1,738	39

Description of Bill:

A municipality is not eligible to receive METRO Act funds unless, (initially by January 4, 2004, and subsequently by May 15, 2004), it modified any fees charged to telecommunication providers after the Act's effective date (11-1-02) relating to access to and usage of the rights-of-way to an amount not exceeding the amounts required under the Act. The Bill amends the METRO Act to revise the deadline to December 31, 2007 by which a municipality ineligible to receive funds under the Act was able to opt-in to become eligible for funding. The amendment legislation will allow the following 19 municipalities that chose to opt-in to receive METRO Act funding escrowed in 2007, and future distributions beginning June 2008:

<i>Municipality</i>	<i>Est. 2007 Payment</i>	<i>Municipality</i>	<i>Est. 2007 Payment</i>
<i>Arenac County</i>		<i>Lenawee County</i>	
City of Standish	\$6,841.71	Village of Deerfield	\$3,382.14
Village of Turner	\$1,227.83		
<i>Barry County</i>		<i>Manistee County</i>	
Village of Woodland	\$1,518.59	Village of Kaleva	\$3,247.11
<i>Benzie County</i>		<i>Menominee County</i>	
Village of Beulah	\$1,905.40	Village of Powers	\$2,193.33
<i>Berrien County</i>		<i>Ogemaw County</i>	
Township of Sodus	\$2,619.40	Village of Prescott	\$2,176.52
Village of Shoreham	\$1,980.66		
<i>Calhoun County</i>		<i>Sanillac County</i>	
Village of Athens	\$3,631.84	Village of Forestville	\$1,164.09
<i>Hillsdale County</i>		<i>Wayne County</i>	
Village of North Adams	\$1,862.57	City of Ecorse	\$27,620.93
<i>Houghton County</i>		<i>Wexford County</i>	
Village of Copper City	\$837.57	Village of Buckley	\$2,758.25
<i>Iosco County</i>		Village of Harietta	\$1,260.85
City of Tawas City	\$7,704.48	<i>Total</i>	
<i>Jackson County</i>			
Village of Hanover	\$1,986.39		<i>\$75,919.66</i>

Summary of Arguments

Pros:

- The bill is revenue neutral in that it has no impact on the amount of fees collected from telecommunication providers or the amount distributed to municipalities.
- Nineteen additional municipalities will become eligible to receive the METRO Act funding that was allocated to them, but not disbursed due their current ineligible status.
- The administrative time required to calculate allocations and explain to newly elected municipal officials why their municipality does not receive METRO Act funds will be significantly reduced.

Cons:

- The METRO Act funds annually allocated to ineligible municipalities is deducted and rolled into the distributions to eligible municipalities, thusly, marginally increasing the amount of funds they actually receive. Some municipalities may perceive that their annual allocations are now reduced due to allowing these 19 municipalities to become eligible to receive funding.

Fiscal/Economic Impact

(a) Department of Labor & Economic Growth

Budgetary: No Impact

Revenue: No Impact

Comments:

(b) State

Budgetary: No Impact

Revenue: No Impact

Comments:

- Provide the opportunity for greater distribution of maintenance fees to more eligible municipalities.
- Provide the opportunity for greater economic development activities, emerging technologies, job creation, etc., in previously ineligible municipalities.

(c) Local Government

Comments: The primary impact is that the inclusion of 19 more eligible municipalities to receive METRO Act funds will cause marginal decreases to the funding previously received by eligible municipalities; and will decrease administrative time required to process allocations.

Other State Departments: This Bill has no impact on other state departments.

Any Other Pertinent Information: The Bill amends the METRO Act to enable 19 local units of government that have “opted-in” after the initial deadline of December 31, 2003 to receive approximately \$76,000 of escrowed funding paid by telecommunications and cable service providers to the METRO Authority based on the amount of the public right-of-way occupied by providers between April 1, 2006 and March 30, 2007. (There are an additional 20 local units that did not pass resolutions by the December 31, 2007 deadline set in the Bill.) If the Bill is not enacted, this funding will be carried forwarded for distribution to eligible local units as part of the 2008 distribution, which typically occurs in early June. These 19 municipalities will also be eligible to receive funding from the METRO Authority in future years.

Interest groups expressing support or opposition include:

For:

- Michigan Municipal League
- Michigan Township Association
- Most current ineligible municipalities

Against:

- None identified or forthcoming

Administrative Rules Impact: No new or revised rules will be needed or impacted.